

NATIONAL CASU BOARD OF DIRECTORS

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VYETTE V. WAUGH

Executive Secretary National CASU Program

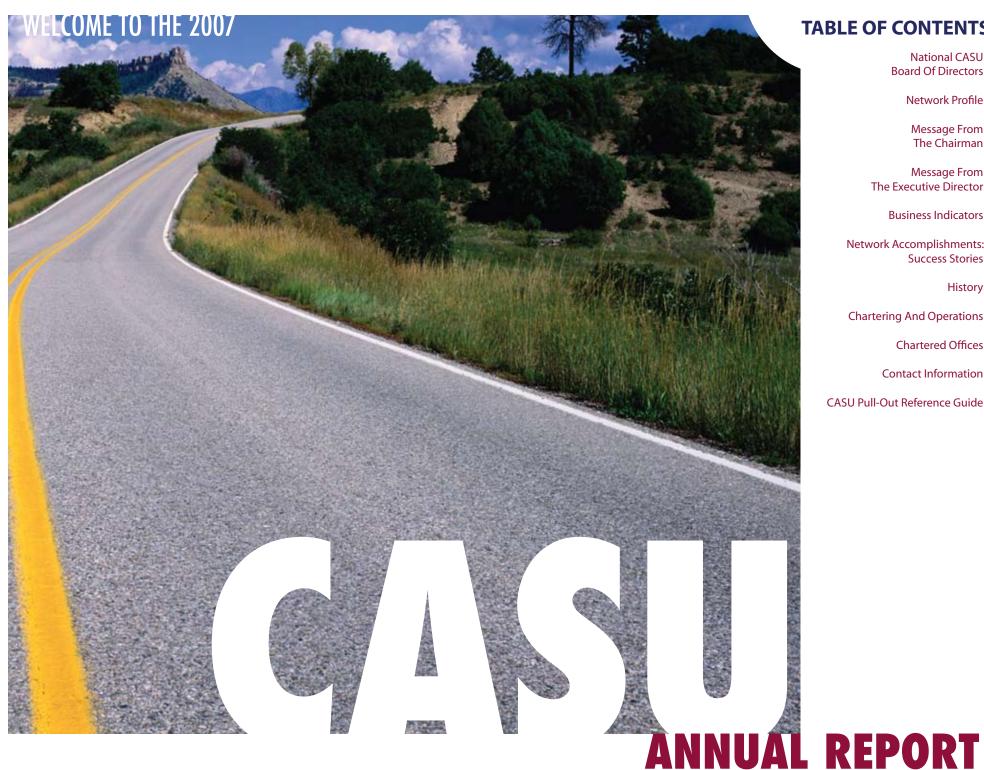


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CASU Pull-Out Reference Guide

CASU is a FAR-compliant, entrepreneurial Federal government reimbursable program that provides cooperative partnering in the acquisition and delivery of commonly needed services and support. Each CASU business unit works with agencies to identify requirements; leverages the buying power of the Federal

MISSION STATEMENT

CASU Facilitates Interagency Cooperation in the Acquisition of Commonly Needed Services, Promoting Mission Effectiveness and Economy throughout the Federal Government.

VISION STATEMENT

The CASU Network is the recognized leader and sets the standard for providing quality, timeliness and customer convenience in the area of support services and is the first choice of participating agencies in meeting these requirements throughout the country and overseas.

PROGRAM OBJECTIVES

- Ensure Customer Satisfaction
- Foster Interagency Cooperation and Innovation in Addressing Administrative Requirements
- Promote Mission Effectiveness and Operational Efficiencies
- Reduce Operating Costs and Duplication of Effort
- Promote Competition and Best Value for Customer Agencies
- Achieve Financial Self-Sufficiency and Accountability





MESSAGE FROM THE CHAIRMAN

I am pleased to present the 2007 Annual Report for the CASU Program. The CASU Network continues to maintain national growth in customer base and revenue. The passage of time and new Federal policies cause Network members to face more competition from various organizations. As a whole, the competitive nature realizes greater benefits for us as taxpayers and will help the Network's members focus on their customers, processes and lines of business to better provide for customer needs and effective operations. In return, the Federal customer derives "best value" and responsive customer service.

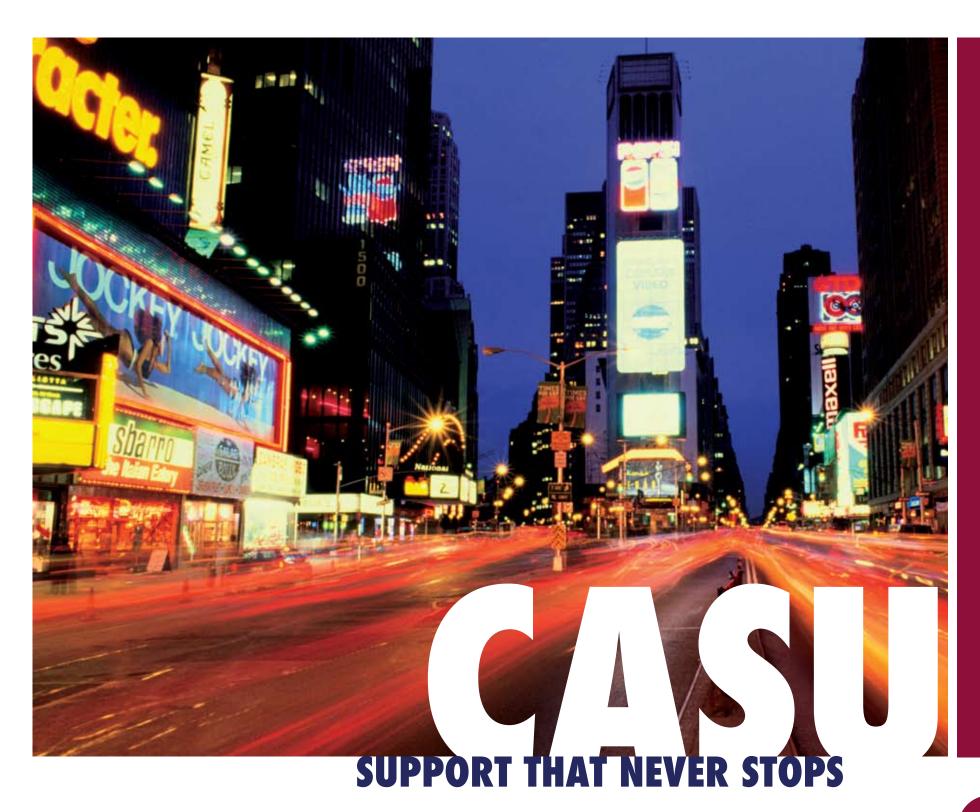
The CASU Network has always relied on interagency strengths and continues to examine means by which interagency cooperation and coordination will enhance information sharing and improve business operations. Continued outreach to local boards of directors, host agencies and interagency gatherings is intended to exact feedback on the needs and cross-servicing trends of the Federal government. The Network primarily relies on private industry to provide effective and efficient services to its customers, with 96% of the sales going to contracted support. CASUs have made considerable contributions to the improvement of Federal operations; likewise, they have greatly benefited the small business environment, awarding them 84% of the Network's business.

The publication of this annual report completes 21 years of CASU operations. This is due to continuous evolution of Network members and immeasurable interagency support. We sincerely appreciate the General Services Administration for continued support of the National Office, and the availability of GSA Schedules contributes greatly to supporting our customers. Opportunities for various levels of growth remain in this competitive environment. CASU Network members have shown their ability to respond to the customer by providing effective delivery of Federal agency support services.

On behalf of the National CASU Board of Directors, I congratulate the Network members for their entrepreneurial spirit, business acumen and commitment to customer service.

David A. Drabkin

Chairman, National CASU Board of Directors





The CASU Network continues to achieve its mission and satisfactorily meets the needs of the Federal customer in local communities.

CASU is a FAR-compliant, entrepreneurial Federal government reimbursable program that provides cooperative partnering in the acquisition and delivery of commonly needed services, products and support. A CASU office works with agencies to identify requirements; leverages the buying power of the Federal government to effectively reduce the cost of products and services, while also shortening delivery times;

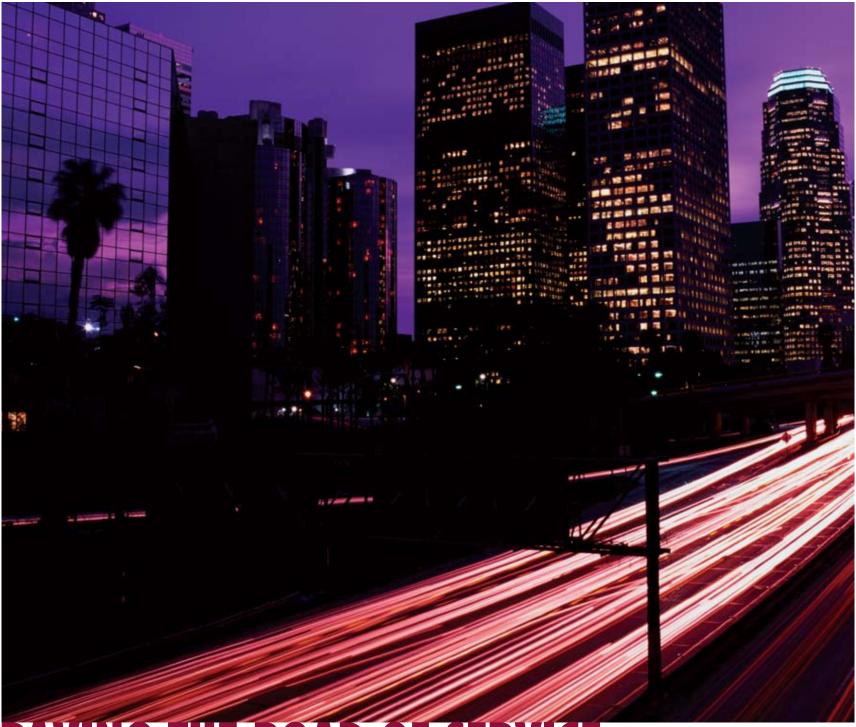
and most importantly, permits agencies to devote more resources to its core mission. CASU's valued-added benefits also include: the use of streamlined processes and dedicated professional staffs; the flexibility to develop solutions to meet the customers' defined needs; one-on-one customer support throughout the entire servicing relationship; and the ability to support customer requirements for the entire acquisition cycle. Additionally, CASUs handle all contract, finance and contractor issues on behalf of the customer.

Every year introduces changes and challenges. Subsequently, the CASU network has to adjust internally in ways that are transparent to our Federal customer. Our customer still expects quality service at a "best value" cost, and should be confident that quality service is an inherent aspect of the CASU Network. The Network ultimately adapts and responds accordingly. This year, the Network closed two offices as it was unable to secure new lead agency support for the Greater Hampton Roads CASU and Southeast Regional CASU. These offices provided outstanding services to hundreds of federal customers for several years. Fortunately, being a customer-focused organization, the Network promptly reached out to support the customers of the former CASU offices.

CASU offices continue to fulfill customer requirements satisfactorily and examine ways to exceed customer expectations. CASU helps agencies to collectively work together to receive the best possible product at the best cost. Additionally each office continually performs internal assessments of operations to improve processes and responsiveness, and to ensure compliance with regulations. During fiscal year 2008, the Network plans to reevaluate its strategic direction and to continue business and operational improvements that promote customer efficiencies and cost savings.

I invite you to read this FY 2007 Annual Report as it captures some of the program's history and its continued success. I congratulate the CASU Network's entrepreneurial spirit and commitment to quality service.

Yvette V. Waugh Executive Director



PAVING THE ROAD OF SERVICE



OPERATIONS AND SALES REVENUE: (FIGURE 1)

At the close of FY 2007, the CASU Network was composed of a National Program Office and four member organizations based in New York City, Denver, Fort Worth and Kansas City, most having established partnerships with other local communities throughout the nation. These CASUs receive exceptional support from their respective local boards of directors and host agencies: the Department of Health and Human Services/Program Support Center and the Army Corps of Engineers. The General Services Administration, Office of the Chief

Acquisition Officer supports the National Program Office. The CASU organizations do not receive an annual appropriation and must cover all of their costs through reimbursable services. Each organization was self-sufficient and financially solvent, generating network sales of \$119.9 million which is a 44% increase above FY 2006. While CASU performed well on sales volume and customer growth, the network focuses more on how well it is managing the level of customer growth and customer satisfaction.

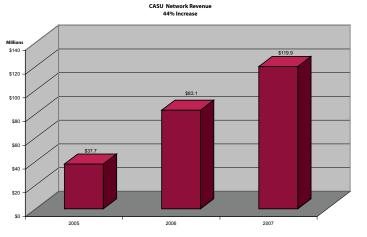


FIGURE 1: CASU
NETWORK REVENUE

Revenues are provided solely for purposes of demonstrating the scope and growth of the CASU Network. Official financial reports are compiled and reported by each CASU through its lead agency's reporting channels.

CUSTOMERS SERVED

CASU is motivated by the confidence that the CASU concept meets the needs of government agencies for quality support services that are more effective, responsive and economical than those obtained through traditional acquisition. The Network has provided support services to over 2000 customers across the nation; nearly every Federal agency has received services from CASU. The Network's repeat customer base remains strong and is an indication of continuing demand for CASU products and services. CASU entered into 454 customer agreements for services, a 5 % increase above

FY 2006, most supporting agency offices in multiple states. This represents responsible growth and the Network's efforts to not only fulfill customer orders well, but to do so within its changing infrastructure.

The Pull-Out Reference document contains a list of "Customer Agencies" ~ by federal department or agency ~ that is supported by the CASU Network. To find out if a service is provided to a particular sub-element or field office, please contact the individual CASU Network office that supports the federal customer.

BEST VALUE

Customers avoid traditional procurement burdens and enjoy quicker servicing because orders can be fulfilled through existing precompeted FAR-compliant contracts. Customer agencies enjoy financial benefits through pricing based on economies of scale and fewer management tasks than traditional procurement processes. A CASU business unit works with agencies to identify requirements; leverages the buying power of the Federal government to effectively reduce the cost of products and services; shortens delivery times; and most importantly, permits agencies to devote more resources to its core mission. CASU's other valued-added benefits include the use of proven streamlined processes and dedicated professional staffs; the flexibility to develop solutions to meet the customers' defined needs; one-on-one customer support throughout the entire servicing relationship; and the standard practice of handling all contract, finance and contractor issues on behalf of the customer.

SERVICE OFFERINGS

CASU supports over 80 individual services within nine service categories. Each category offers various services that can be tailored to address specific needs identified by changes in Federal policy or customer demand. Thus, the CASU Network has the ability to provide a wide variety of high quality, cost-competitive services – with a quick turn-around – throughout the United States and overseas. CASU contracts are acquired through requirements established by the Federal Acquisition Regulations. The services that feature most prominently are professional services, contract support, temporary/administrative support and copier equipment.

CASU SUPPORT SERVICES:

- Administrative Support
- Financial And Procurement Services
- Human Resources
- Light Industrial
- Mail Management
- Printing, Duplication And Copiers
- Professional And Technical
- Technology
- Training

INDUSTRY PARTNERSHIPS: (FIGURE 2)

Building industry partnerships is essential to producing best value and savings for our customers. CASU has strong relationships with its commercial vendors, and working together, has produced satisfied customers. The CASU Network used 195 servicing vehicles to support its customer requirements, to include GSA Schedules, socio-economic and small business vendors, other FAR-competed contracts, and FTE. The use of commercial contracts allows CASU to offer the latest technology and highly experienced workers to its customers. More importantly, the quantity of and capability of providers for each service category promotes competition and permits the customer to receive the best value. To achieve operational efficiencies, the Network relies on the private sector to perform non-inherently governmental services. It is worth noting that 96% of all CASU services are performed by the private sector. CASU judiciously manages contracts with suppliers to satisfy government requirements with a minimum of administrative expense and delay.

CONTRACTORS: (FIGURE 3)

Consistent with the Small Business Act, CASU fully supports small businesses. The Network exceeded the statutory government-wide procurement goal for small businesses, making 84% of its awards to small business contractors. Of the 195 contracting vehicles, 88% were awarded from the GSA Schedules.

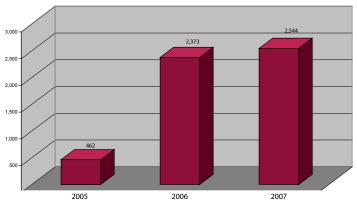
ORDERS PROCESSED: (FIGURE 4)

Customer agency reliance on CASU support is evident based on the number of repetitive customers and the number of orders processed. In FY 2007, the Network processed 2,544 orders; a 7% increase over FY 2006.

Service Units [119] 96% of Services Performed by Commercial FIGURE 2: CASU SERVICE UNITS This chart shows the percentage of CASU services performed by contractors and FTE. The CASU Network had 119 service units in FY 2007, of which 96% were performed under contract. Serviced by Commercial Contractor Types of Contractors Percentage of Servicing Vehicles (195) Small Disadvantaged Serviced by FTE Hubzone FIGURE3: TYPES OF CONTRACTORS/BPAs This chart shows the types and percentages of contracts/BPAs used by CASU to service their customers. Large Small

Customer Orders Processed

FIGURE 4: NUMBER OF ORDERS PROCESSED
This chart shows the number of orders processed during FY 2007; yielding a 7% increase over FY 2006.





MID AMERICA CASU

CHARTERED: JUNE 1987
CASU DIRECTOR: KEN TRUAX
SERVICE AREA: NATIONAL

LEAD AGENCY: HHS/PROGRAM SUPPORT CENTER **LOCAL BOARD CHAIR:** HOWARD FOARD, SSA

MAJOR SERVICES

Contract Staffing Support Services
Procurement Services
Copier Equipment
Copy Paper Sales
Mail Services
Forms & Supply Distribution
Labor and Moving
IT Training
Personal Property Repair

During FY 2007, the Mid America CASU experienced significant growth of revenue over the previous year, from \$27.5 million in FY 2006 to \$54.5 million in FY 2007. Its largest business line continues to be Procurement Service; producing about 81% of the revenue for FY 2007. In addition, the CASU continued to provide a high level of customer satisfaction. During FY 2007, using the results of the HHS/ Program Support Center's (PSC) Customer Comment Card responses, the CASU achieved 100% of the responses in the Very Satisfied or Satisfied category of customer responses. Finally, the CASU's responsiveness continued to be good. During FY 2007, results on the HHS/ PSC's Timeliness reports show that the CASU surpassed each of its goals for all of its services for each month of the fiscal year. These results also confirm Mid America CASU's approach of being customer-focused.

For FY 2008, the Mid America CASU plans to write a new strategic plan and review and strengthen its internal operations to continue to bring the best value to customers. The CASU does not anticipate beginning any new services or programs this year. We will continue to make the Mid America CASU a customer-oriented organization and provide high quality services at the best possible price for our customers.

MID-ATLANTIC CASU

CHARTERED: JANUARY 2003 (INCORPORATED NE

REGIONAL CASU, CHARTERED 1988)
CASU DIRECTOR: DIANA CASALE
SERVICE AREA: NATIONAL

LEAD AGENCY: HHS/PROGRAM SUPPORT CENTER

LOCAL BOARD CHAIR: SAM KAHN, HHS

MAJOR SERVICES

Contract Staffing Support Services
Project/Task Support
Copier Equipment
Copy Paper & Toner Cartridges
Recycling
Mail Services
Fitness Center
IT Services
Accounting & Financial Services

The Mid-Atlantic CASU provides a multitude of high quality administrative services at competitive rates while operating under business-like principles and maintaining a self sufficient financial profile. These goals were met by consolidating procurement management under one host agency and by opening the "Federal Door" for our service providers. Initially, the Mid-Atlantic CASU was strictly a local provider of common administrative services. However, we currently have contractual relationships with a broad array of vendors which has allowed us to market our services on a national basis and therefore grow our core services tremendously over the last several years. The Mid-Atlantic CASU strives to be the "Best in the Business" by creating a customer friendly atmosphere, taking advantage of new technology, and using innovative business techniques. Key advantages earned when utilizing the Mid-Atlantic CASU are:

- Timely response to customer requirements for goods and services
- Reduced costs
- Feasibility in utilizing contracting for services
- Less paperwork
- Elimination and/or reduction of duplicate functions
- Competitive outsourcing

The Mid-Atlantic CASU has been a consistent and valuable partner to many Federal agencies around the country. This CASU has maintained steady growth in revenue, customer base and orders processed; generating a 31% increase in revenue over 2006. Significant growth occurred in our Copier Management Program as demand within the Department of Defense increased. Implementation of our IDIQ contract for Administrative Staffing Services has continued to reap benefits for customers by creating greater competition, and thus better pricing and savings. During FY 2008, Mid-Atlantic CASU plans to expand its core programs: Administrative Staffing and Copier Management as well as integrating and implementing an Office Supply Program into our product mix. Customers utilizing our services recognized savings of approximately 5 to 8 percent as compared to other ordering vehicles.

FORTH WORTH CASU

CHARTERED: JULY 1987 **CASU DIRECTOR: JUDY JUDD SERVICE AREA:** TEXAS

LEAD AGENCY: U.S. ARMY CORPS OF ENGINEERS LOCAL BOARD CHAIR: COL JOHN C. DVORACEK, USACE

MAJOR SERVICES

Mail Services Recycling Moving and Labor **Contract Staffing Support Services** (Temporary Clerical) Sign Language Interpreting **Photographic Services** Conference Reservations

The Fort Worth CASU and its Board of Directors continue to meet local federal community needs with a host of services. The strongest business lines continue to be the mail services and contract staffing services. But, the full line of services tailored to the needs of the participating agencies make the Fort Worth CASU a value-added federal partner. The CASU focus continues on customer needs and operational improvements while operating on a break-even basis.

ROCKY MOUNTAIN REGIONAL CASU

CHARTERED: OCTOBER 2005

CASU DIRECTOR: LORI RHODES, DIRECTOR

SERVICE AREA: NATIONAL

LEAD AGENCY: HHS/PROGRAM SUPPORT CENTER LOCAL BOARD CHAIR: DARLENE BARNES, USDA/FOOD AND NUTRITION SERVICE

MAJOR SERVICES

Contract Staffing Support Services Copier Equipment Labor and Moving **Property Center** Mail & Courier Services **Document Imaging** Multi-Media Services

The Rocky Mountain Regional CASU (RMRC) enjoyed a successful year providing administrative support services to 138 customers; principally within the departments of Defense, Interior and Energy. Ninety percent of the RMRC revenue was generated from the Contract Staffing service line; 100% of the task orders in the Contract Staffing service line were issued to vendors participating in a socio-economic program. RMRC made several operational improvements to increase $program\,effectiveness\,in\,the\,areas\,of\,Task\,Order$ Management, Vendor Invoicing, Customer Billing, and updated and documented standard procedures. Cost savings were realized through staff restructuring and by consolidating financial transactions. For 2008, the RMRC intends to perform focused reviews on business processes - heavily focussing on improving acquisition and financial methods; pursue new business in existing service lines; and is planning to continue operational and program improvements: contingency planning, safety officer program and a customer satisfaction review.





CASU HISTORY

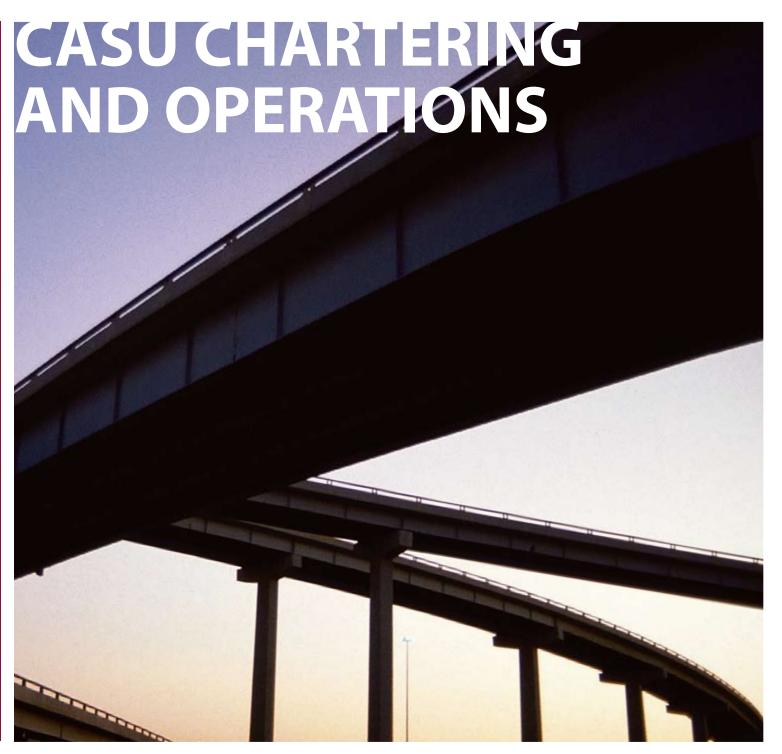
Improvement initiated the CASU Program in 1985. The primary purpose was to cut administrative costs by reducing duplication of administrative support functions in field offices. The original focus was on multi-tenant federal buildings that had as many as 50 agencies operating separate mailrooms, copy centers, procurement offices, supply rooms, etc. Federal agencies voluntarily formed cooperatives to share many of these common administrative functions. A local Board of participating agencies set policy, agreed on services to be provided, approved the budget and charges for services, and provided general oversight for the CASU. A lead agency hosted the CASU staff and provided reimbursed logistical, personnel, financial, and procurement support to the CASU. Developed during a period when government employees provided most of these administrative functions in-house, CASU savings were first achieved by consolidating mailrooms, combining labor and moving staffs, and centralizing high-volume photocopying into copy centers.

An increase in demand for new services led CASUs to expand their scope of operations. CASUs grew from serving single buildings to groups of buildings in a downtown location, then entire metropolitan areas, whole states, and even entire regions of the country. Meanwhile, economies of scale were achieved by combining customer requirements and shifting emphasis from providing services with in-house staff to a mixture of contracts and dedicated professional FTE. Federal downsizing accelerated the trend toward contract services. CASUs adjusted to market conditions and responded to trends.

The President's Council on Management As more CASU services are provided through contractors, CASUs are able to extend their business reach beyond initial geographic areas. Partnering and other arrangements make it possible for CASUs to offer their services nationwide and overseas. Indeed, meeting a customer's needs often means providing services to a regional office and all of its posts of duty using a single agreement, even though the customer may have specialized requirements at one or more sites. The customer may wish to utilize one contract for some locations, another contract for others. CASUs can and do give their customers this flexibility under one service agreement.

> The range of services offered by CASUs continues to expand. They now have contracts and strategic partnerships that enable individual CASUs and consortia of CASUs to supply agencies with broad and varied product lines. CASUs provide these services with existing contracts or in partnership with other reimbursable government organizations.

Customer agencies, utilizing the Cooperative Administrative Support Units network, are now able to choose from a variety of sources. CASUs use contracts that are provided by multiple sources, both public and private. In fact, over 95% of its services are provided through contracts with private industry. More importantly, CASUs are poised to assist customers with competitive sourcing requirements. In this way, the CASU program has become a chief advocate for competition among Federal administrative support providers. It has grown from a small, shared service network to a nationwide operation. The CASU Network is clearly serving customer needs.



CHARTERING

A CASU is formed by: 1) establishing an interagency board or committee, 2) identifying a Lead Agency to host the CASU, and 3) submitting a proposed charter from the interagency board to the National CASU Board of Directors for approval. The charter proposal describes the CASU location and customer agencies, organization and management structure, initial services to be provided, and the process for evaluating CASU operations. The National CASU Board reviews the charter proposal and approves or rejects the charter.

STRUCTURE AND OPERATING RESPONSIBILITIES

The National CASU Board serves as an interagency coordinating mechanism for promoting and advocating CASUs. The National Board provides general policy guidance but each CASU operates autonomously. A Local Board of Directors made up of customer agencies provides policy guidance and oversight to ensure that CASU complies with federal laws and CASU National policies; remains financially solvent; operates efficiently; and successfully meets customer needs. A Local Board approves services to be provided, and functions as an information conduit with the National Board and the local Lead Agency. A Lead Agency, selected by the Local Board and approved by the National Board, hosts each CASU, providing staffing (FTE) and, if necessary, personnel and financial services. All other essential administrative support (e.g., contracting support) is obtained by the CASU on a "best value" basis, from the Lead or other Federal agencies as appropriate. The Lead Agency and all other supporting agencies are fully reimbursed for every service they provide to the CASU. The Lead Agency has a seat on the local Board of Directors and ensures that CASU operates within applicable Federal laws and regulations.



The Local Board and the Lead Agency enter into a memorandum of agreement that establishes the roles and responsibilities of the board, the Lead Agency, and the CASU Director. A CASU Director, approved by the Local Board and employed by the Lead Agency, runs the day-to-day operation. In some cases, a CASU purchases contracting support from an agency other than the Lead Agency. All CASU services are subject to the policies and regulations of the agencies writing the contracts and/or providing the services. Each customer agency enters into an agreement with the CASU, defining the services to be provided and payment arrangements.

EVALUATION AND ASSESSMENT

The Local Board of Directors reviews services being provided and assesses the effectiveness of the CASU. The Lead Agency ensures that the CASU operates within applicable laws and regulations governing the activities of the CASU. Any other agencies involved in providing CASU services or contract support must ensure that they follow their own applicable laws and regulations. The Local Board and the Lead Agency are responsible for ensuring that the CASU follows sound financial management and internal control procedures. Each Local Board provides a performance and financial report to the National CASU Board on a quarterly basis. On a biennial basis, each CASU submits a self-assessment to the National CASU Board, certifying adherence to sound financial practices and business-like standards.

CASU CHARTERED OFFICES

FORT WORTH CASU

LOCATION: TEXAS

SERVICE AREA: DALLAS/FT.WORTH

Judy Judd, Director

819 Taylor Street, RMC-3A37

Ft. Worth, TX 76102 Phone: (817) 886-1404

Fax: (817) 886-6432

Email: judy.k.judd@usace.army.mil

MID-ATLANTIC CASU

LOCATION: NEW YORK AND PENNSYLVANIA

SERVICE AREA: NATIONAL

Diana Casale, Director 26 Federal Plaza, Room 33-100

New York, NY 10278

Phone: (212) 264-0722

Fax: (212) 264-2118

Email: diana.casale@psc.hhs.gov

MID AMERICA CASU

LOCATION: MISSOURI

SERVICE AREA: REGIONAL AND NATIONAL

Ken Truax, Director

601 East 12th Street, Suite 1709

Kansas City, MO 64106 Phone: (816) 426-3501 X255

Fax: (816) 426-2419

Email: kenneth.truax@psc.hhs.gov

ROCKY MOUNTAIN REGIONAL CASU

LOCATION: COLORADO

SERVICE AREA: NATIONAL

Lori Rhodes, Director

Denver Federal Center

Box 25305, Bldg. 41, Room 137

Denver, CO 80225-0305

Phone: (303) 236-8140

Fax: (303) 236-0016

Email: lori.rhodes@psc.hhs.gov Web:www.rmrc.casu.gov

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2007

If you have questions about forming a CASU, becoming a lead agency, or need servicing

CONTACT INFORMATION

support, please contact us. The National CASU Program Office can help customers identify a servicing CASU office.

National CASU Program Office 1800 F Street, NW, Room 4028 (V) Washington, DC 20405 TEL: (202) 273-4660 FAX: (202) 501-3341 WEB: www.casu.gov

EXECUTIVE DIRECTOR

Yvette V. Waugh (202) 219-0371 yvette.waugh@gsa.gov

ANNUAL REPORT

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2007

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